

11/4/2020

8-K – Tailored Brands, Inc. – BamSEC

EXHIBIT

0007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **October 7, 2020**

Tailored Brands, Inc.

(Exact name of registrant as specified in its charter)

Texas
(State or other jurisdiction
of incorporation)

1-16097
(Commission File Number)

47-4908760
(IRS Employer Identification No.)

6380 Rogerdale Road
Houston, Texas
(Address of principal executive offices)

77072
(Zip Code)

281-776-7000
(Registrant's telephone number,
including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$.01 per share	*	*
Preferred Stock Purchase Rights	*	*

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

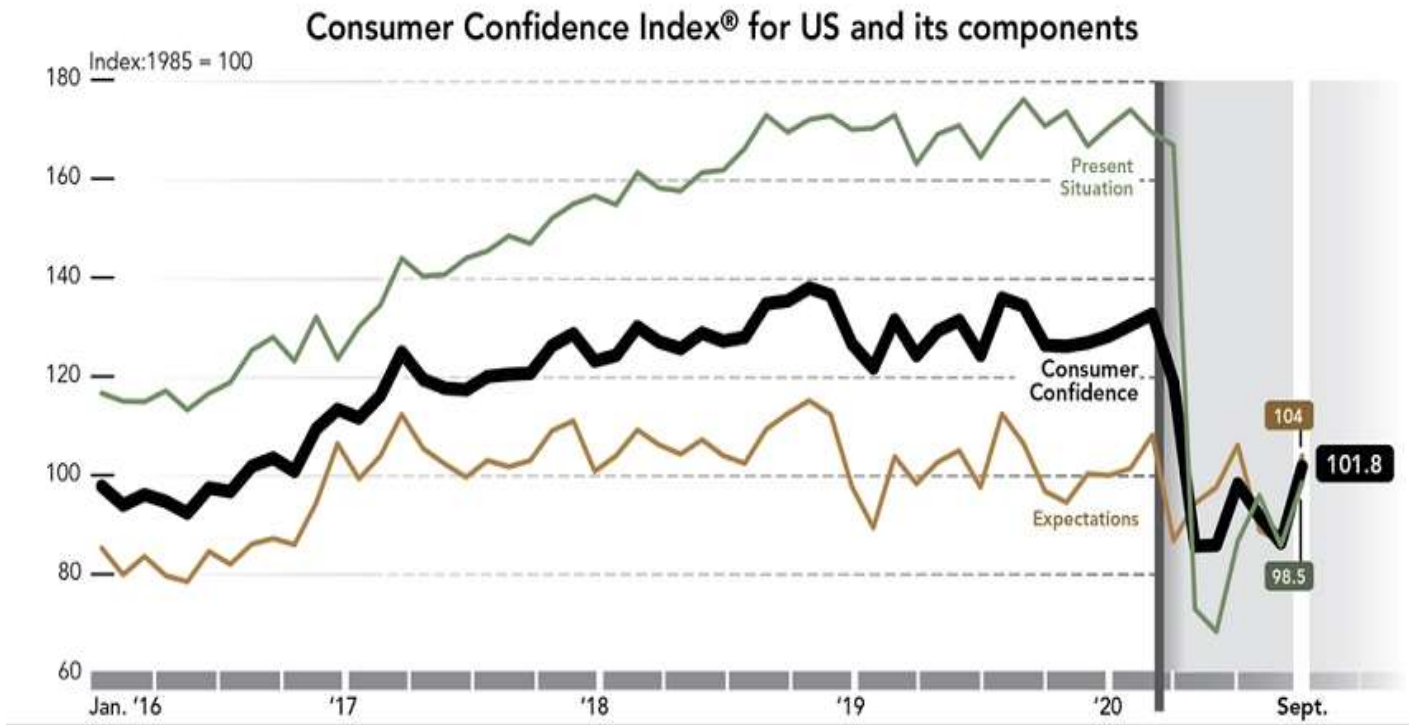
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

*On August 8, 2020, NYSE Regulation, Inc. filed a Form 25 with the Securities and Exchange Commission (the "SEC") to delist Tailored Brands, Inc.'s common stock (the "common stock") from the New York Stock Exchange. The deregistration of the common stock under Section 12(b) of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), will be effective 90 days, or



US Consumer Confidence

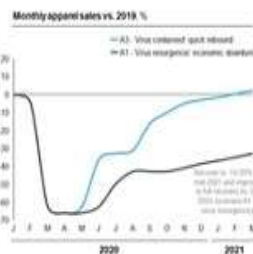


Updated US Apparel and TBI outlook

Business Plan: July 1

- Initial external perspectives pointed to a steep decline in US apparel sales, followed by recovery to FY19 levels as early as Q1 FY21 or as late as Q1 FY24
- This was reinforced by US apparel and TBI performance in June as stores reopened
- Original business plan approached as “mid-line” between bullish and bearish scenarios

Apparel: recovery scenarios



	A3	A1
Peak sales drop % change yoy	-50-70%	-50-70%
2020 total retail % change yoy	-20-30%	-45-55%
Store Closures	6-8 weeks	8-12 weeks
Reduced hours/ Store rebound	8-12 weeks	16-20 weeks
Time to return to pre-Crisis	2021 Q1	2024 Q1

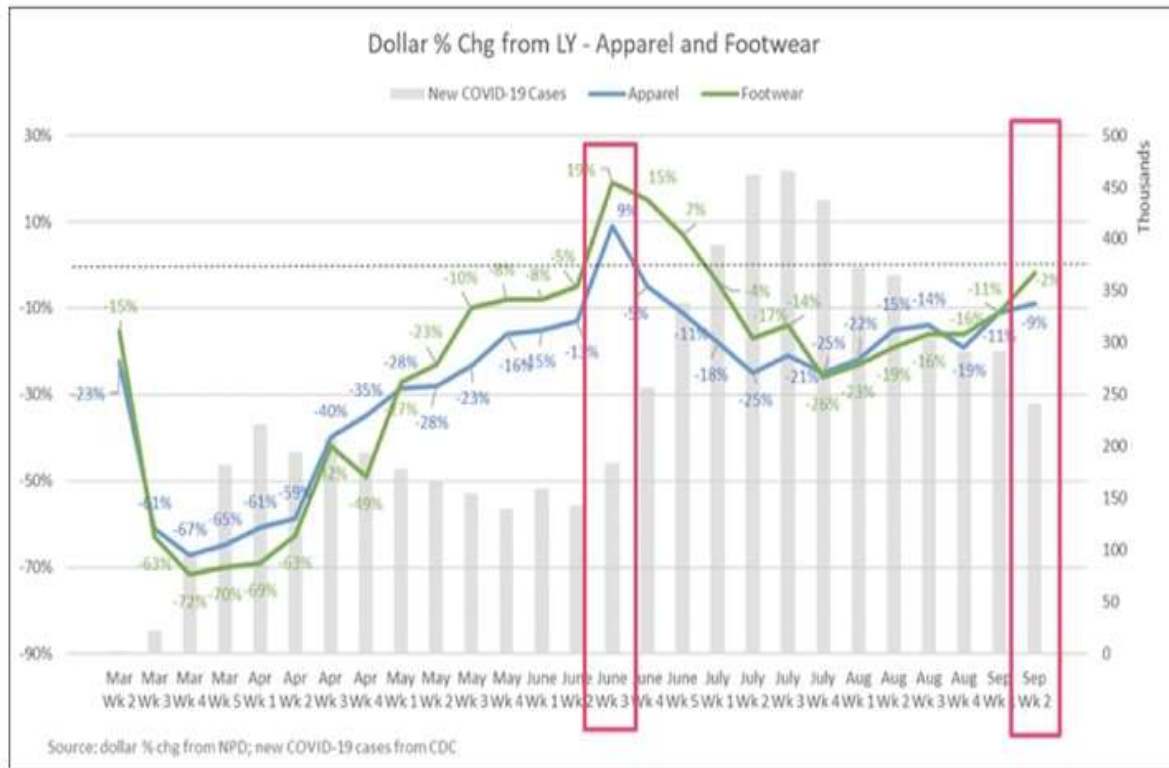
Business Plan: Oct 5

- Apparel performance fell in July and US apparel outlook moderated significantly as COVID19 surged, job losses mounted, and work from home / social gathering restrictions were extended
- TBI revenues are increasing, but at a slower pace than the business plan
- Margin rate pressure has intensified due to competition, channel preferences and casualization

Compared to 2019 levels, we expect the North American apparel sector be down 20-30% in 2020 and still down 10-25% in 2021



Business plan was finalized during upswing in US apparel



- US ShopperTrak showed upswing from March to mid-June, which flattened as COVID19 case counts increased
- MasterCard spend data for US apparel declined in July after month-over-month gains in May and June

Store Sales Forecast

Retail Store Sales (% Growth)

Industry Outlook

- Apparel one of hardest hit sectors; tailored clothing recovery tied to return to work and easing of social gathering restrictions
- Accelerated consumer shift to ecommerce continues to impact store traffic
- 1,000+ non-TBI store closures place near term pressure on revenue and selling margin but represent share gain opportunity post closing

Actual TBI performance: July - Sep

- TBI on-going store comp improved +3.6ppt from July Wk2 to Sep Wk4, or ~36bp per week

2020 and 2021 Annual Comp %

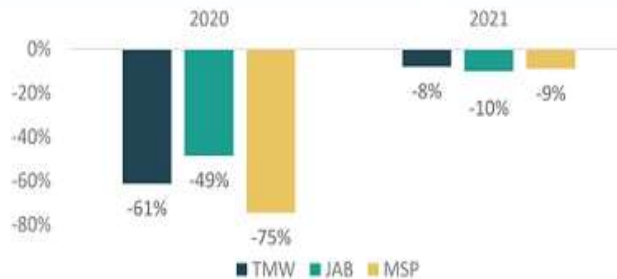


Rental Sales

Rental sales

- Wedding rental sales updated with current bookings, forecasted weekly net unit builds by month, and current final week drop-off for FY20
- FY21 wedding performance forecasted up +4.1% due to wedding event shift from FY20
- Non-wedding rental sales for FY20 conservatively forecasted down (70) to (75)% vs LY due to surge in COVID19 cases

2020 and 2021 Annual Comp %



E-commerce Sales Forecast

Industry Outlook

- Consumer shift to e-commerce expected to accelerate, increased apparel penetration of revenue
- Holiday ship window cut offs moving earlier in December and delivery cost surcharges being implemented by carriers straining to meet increased demand

Actual e-commerce performance

- Menswearhouse.com tracking ahead of business plan for revenue and e-commerce penetration for FY20 and FY21
 - Sept revenue comp: +38%
 - Sept e-commerce penetration: 13%
- Josbank.com comp accelerating, closing gap to business plan and tracking ahead of penetration
 - Sept revenue comp: (7)%
 - Sept e-commerce penetration: 39%

TBI e-commerce Initiatives

- Launched 10+ new digital and omnichannel capabilities, including Buy Online Pick up In Store (BOPIS), curbside delivery, and contactless measurement
- Actively shifting spend to digital marketing and optimizing Marketing ROAS
- Mooresclothing.com launch postponed to Aug 2021

E-Commerce Retail Sales (% Growth)

Current Comp Trend for 2020



2020 and 2021 Annual Comp %



E-Commerce Penetration (%)



Note: E-commerce penetration is : E-commerce retail sales / Total retail sales

6

Long-Term Projections

Our long-term Business Plan reflects the future growth of the Company driven by a healthier store fleet and cost-structure rationalization efforts

FINANCIAL PERFORMANCE												
(\$ in '000s)	FY 2019		FY 2020		FY 2021		FY 2022		FY 2023		FY 2024	
	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Clothing sales	\$2,339,793	81.2%	\$1,036,608	82.1%	\$1,689,546	79.5%	\$2,001,062	81.3%	\$2,077,246	81.5%	\$2,160,377	81.8%
Tuxedo rental sales	383,521	13.3%	135,602	10.7%	308,992	14.5%	336,960	13.7%	343,699	13.5%	350,573	13.3%
Alteration sales	139,348	4.8%	64,973	5.1%	113,307	5.3%	109,579	4.5%	111,771	4.4%	114,006	4.3%
Other sales	18,599	0.6%	26,073	2.1%	12,273	0.6%	13,920	0.6%	14,603	0.6%	15,349	0.6%
Total sales	\$2,881,261	100.0%	\$1,263,255	100.0%	\$2,124,118	100.0%	\$2,461,521	100.0%	\$2,547,318	100.0%	\$2,640,305	100.0%
Cost of clothing	992,968	34.5%	543,139	43.0%	846,694	39.9%	944,498	38.4%	986,840	38.7%	1,033,081	39.1%
Occupancy Costs	415,955	14.4%	350,295	27.7%	283,782	13.4%	293,395	11.9%	294,149	11.5%	294,918	11.2%
P&D Costs	\$94,931	3.3%	\$54,799	4.3%	\$81,370	3.8%	\$86,591	3.5%	\$88,632	3.5%	\$90,791	3.4%
Total cost of sales	1,695,319	58.8%	1,039,984	82.3%	1,356,887	63.9%	1,479,812	60.1%	1,528,203	60.0%	1,580,711	59.9%
Total Gross Margin	\$1,185,942	41.2%	\$223,271	17.7%	\$767,231	36.1%	\$981,709	39.9%	\$1,019,115	40.0%	\$1,059,593	40.1%
Advertising	159,052	5.5%	87,198	6.9%	102,500	4.8%	119,711	4.9%	124,270	4.9%	129,245	4.9%
Store Salaries	396,288	13.8%	199,709	15.8%	266,244	12.5%	310,553	12.6%	320,941	12.6%	332,163	12.6%
Non-Store Salaries	147,992	5.1%	105,113	8.3%	121,326	5.7%	130,560	5.3%	133,467	5.2%	136,375	5.2%
Other Costs	339,265	11.8%	244,688	19.4%	268,526	12.6%	282,816	11.5%	288,594	11.3%	295,826	11.2%
Total SG&A	\$1,042,597	36.2%	\$636,709	50.4%	\$758,595	35.7%	\$843,640	34.3%	\$867,273	34.0%	\$893,609	33.8%
EBIT	\$143,345	5.0%	(\$413,437)	(32.7%)	\$8,635	0.4%	\$138,069	5.6%	\$151,842	6.0%	\$165,984	6.3%
Depreciation	96,852	3.4%	85,364	6.8%	75,632	3.6%	74,757	3.0%	73,677	2.9%	73,677	2.8%
EBITDA	\$240,197	8.3%	(\$328,073)	(26.0%)	\$84,267	4.0%	\$212,825	8.6%	\$225,519	8.9%	\$239,662	9.1%
Capex	88,502	3.1%	29,685	2.3%	44,606	2.1%	86,142	3.5%	89,120	3.5%	92,344	3.5%
Free cash flow	\$151,695	5.3%	(\$357,758)	(28.3%)	\$39,661	1.9%	\$126,683	5.1%	\$136,400	5.4%	\$147,318	5.6%

Note: Free Cash Flow (unlevered) = EBITDA – Capex.

7